

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2513-02
Bill No.: HCS for HB 980
Subject: Administrative Rules; Environmental Protection; Natural Resources Dept.
Type: Original
Date: January 30, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue*	\$0	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue Fund*	\$0	\$0 to (Unknown)	\$0 to (Unknown)

*Could exceed \$100,000 per year

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
DNR Dedicated Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State** assume this bill requires a regulatory impact report for certain rulemaking processes when the Department of Natural Resources files rulemakings with the Administrative Rules Division. Since the Administrative Rules Division's costs are in publication of the Missouri Register and the report has no requirement to be published, it should not impact this agency.

Officials from the **Department of Conservation** and **Department of Transportation** assume this proposal would have no fiscal impact on their organization.

Officials from the **Department of Natural Resources** assumes the proposal states that a regulatory impact report must be done for all rules promulgated that prescribe environmental conditions and standards. However, this provision does not apply if the department adopts environmental protection agency rules and rules from other applicable federal agencies without variance.

It is very difficult to convert risks to public welfare and the environment into economic terms. Placing a dollar value on human life and health is even more problematic. However, in order to compare the regulatory costs with the risk reduction benefits, this would be required.

ASSUMPTION (continued)

Risks are cumulative. It would be very difficult to estimate the risk or the risk reduction benefits of one rule in isolation.

Further, there is very little data available on the combined risk of exposure to a number of contaminants, such as atmospheric ozone and a pesticide contaminated water system might have if an individual had those combined exposures. For example, the exponential risks associated with pollutants in an urban setting where multiple industrial smokestacks are in close proximity to residential areas cannot be quantified.

Generally, the department has relied upon the EPA, the Department of Health (DOH) and the Agency for Toxic Substances and Disease Registry to conduct risk assessment when needed. In addition, even when the federal statute does not explicitly set a risk-based standard, EPA frequently engages in some sort of risk analysis at the national level prior to promulgating a federal rule.

The cost to complete a rule-specific regulatory impact report would vary widely from rule to rule, depending upon the number of pollutants to be regulated, the number of affected facilities, the extent to which data already exists, etc.

The department assumes there would be 4 state-initiated rules at a cost of approximately \$42,440 per rule. Therefore the estimated annual cost for implementing this portion of the proposal would be \$169,760, or the equivalent of about 3 new FTEs (assuming \$58,000 annual expenditures, including personal service, fringe benefits, and expense and equipment.) This cost estimate assumes that the regulatory impact report would not need to contain all the elements of a risk assessment.

Oversight assumes that the cost of compliance with this proposal is unknown. Some administrative rules would not require the cost-benefit analysis contemplated in this proposal. Further, Oversight assumes it is not possible to predict the number of rules which would be adopted or the number of rules adopted which would require the scientific review proposed in this legislation, let alone the number which might be challenged. Oversight assumes that any costs resulting from this proposal would be paid from the state General Revenue Fund since program funds would not be available for such costs.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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GENERAL REVENUE FUND

Cost - Department of Natural Resources

	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Risk Assessment			
	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Cost-Risk Analysis			
	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
Publication Costs			

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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*Could exceed \$100,000 per year

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

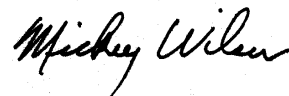
This substitute requires after the effective date of the substitute that all rules promulgated or amended by the Department of Natural Resources and certain related boards and commissions that prescribe environmental conditions or standards cite the specific section of law or legal authority for the rule. The rule must also be based on a regulatory impact report. The substitute outlines the criteria for the report which must be published in a qualified newspaper and posted on the agency, board, or commission's web site. Sixty days must be allowed for public comment before promulgating the rule. The report must be filed with the Joint Committee on Administrative Rules. Rules may be adopted within certain limitations without a regulatory impact report if immediate action is necessary to protect human health, public welfare, or the environment. Rules may also be adopted that are equivalent to federal rules.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Conservation
Secretary of State
Department of Transportation



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Director
January 30, 2004